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ABSTRACT

This survey examined the attitudes of people in four states where tax or spending limitations appeared on the ballot in November 1978. It found that people had positive attitudes toward schools in their communities, believed schools are doing an above-average job, and viewed schools as a public service that should not be reduced. Results suggest that tax and expenditure limitations are the result not of negative feelings about schools but of negative feelings about federal income taxes and local property taxes. Respondents felt that government is undertaking too many public services and not doing enough to reduce inflation. One implication is that the continued movement away from property taxes toward statewide sales or income taxes is appropriate to improve school finance equity and increase the feasibility of school finance reform. (Author/JM)

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PUBLIC OPINION ON TAX AND EXPENDITURE LIMITATIONS:

ATTITUDES IN FOUR STATES.

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Education Commission of the States

PUBLIC OPINION ON TAX AND EXPENDITURE LIMITATIONS: ATTITUDES IN FOUR STATES

Special Issue October 1979

After last November's general election, the Education Finance Center polled public opinion about tax and expenditure limitation (TEL) measures on the ballot in four states: Colorado, Idaho, Michigan and Oregon. This issue of *Finance Facts* describes these proposals, the vote and the results of the poll.

What the Voters Decided on November 7

	Percent in Favor	Percent Opposed
Colorado		
Amendment 2 (Burch-Orr)	41	59
Idaho		
Proposition 1	58	42
Oregon		
Ballot Measure 6	48	52
Ballot Measure 11	43	57
Michigan		
Proposal E (Headlee)	51	49
Proposal H (Voucher Plan)	30	70
Proposal J (Tisch)	40	60

Colorado. Amendment 2, popularly known as the Burch-Orr Amendment, was designed to limit the growth in per capita expenditures for state government and all units of local government to the annual rate of growth in the National Consumer Price Index. Amendment 2 would have also required that new or expanded local programs mandated by the state be fully funded by the state, and that state revenues up to 5% beyond the spending limit be directed to a surplus fund or, beyond that, returned to the people through tax rebates, credits or tax cuts.

Idaho. Proposition 1, which passed, limits property taxes to 1% of current market value and limits increases in assessments to 2% unless title changes hands. Any new "special taxes" at the local level require a two-thirds vote of the "qualified electorate." Changes in state taxes need a two-thirds vote by the legislature. Proposition 1 is a statute, not a constitutional amendment.

Oregon. Oregonians had two constitutional amendments relating to taxes and government spending on the November 7 ballot. Ballot Measure 6 was almost identical to California's Proposition 13 except it would have limited property taxes to 1.5% of assessed value rather than 1%. Measure 6 would have rolled back assessments to 1975 levels and permitted only a 2% annual increase in assessments. It would have required a two-thirds vote from the electorate for new special taxes at the local level. Changes in state taxes would have needed a two-thirds vote of the legislature.

The other proposal was Measure 11. Under its provisions, the state would have used general fund revenue to pay 50% of a homeowner's property tax up to a maximum of $1,500, which could have been increased by the legislature in the future. Renters would have received tax relief equivalent to the part of their rent that went for property taxes. Measure 11 would also have limited growth in the state's general fund to the increase in total personal income, which has averaged about 10% in recent years. Starting in the 1979-81 biennium, the state would have been required to return any surplus collection of income taxes over the 2% allowed contingency fund. On the local level, Measure 11 would have limited cities, counties, schools and other taxing units to increases in

Education Commission of the States

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Federal income and local property taxes were chosen by a wide margin as least fair. Of these two taxes, the one considered the least fair varied from state to state. On the other hand, the overall results indicated that state income and state sales taxes were tied as the most fair tax. However, there was substantial variation among the states. Oregon favored the state income over the state sales tax by 34 percentage points, while Idaho supported the state sales tax by a 28-point margin. (Oregon currently does not have a state sales tax.)

When we asked people whether the taxes they pay have gone up, a majority said both the federal income and local property tax had increased a lot during the past few years. Respondents who felt the state income tax had increased were evenly divided over whether it had increased a lot or only a little. The state sales tax was perceived to have remained at the same level of payment. Respondents from Colorado answered that the federal income tax had *increased a lot* much more frequently than the nearest two states. This in reality should not have occurred since the federal income tax rates have not changed dramatically since 1969. However, the high rate of inflation during this period has pushed taxpayers into higher tax brackets. Over 60% of the respondents from the states of Michigan and Oregon felt that their local property taxes had risen a lot during the past few years. Those who felt their local property taxes had risen a lot during the past few years had reason to feel that way. Property taxes per capita in the four states had risen approximately 40% between fiscal year 1973 and 1979. Michigan and Oregon led the actual dollar per capita increases in the period with $98 each.

When economists speak about the fairness of a tax, they divide the concept into two parts: *Are the benefits received commensurate with the amount of tax paid?* and *Is the ability to pay the tax related to the amount of tax you paid?* We asked respondents these two questions. The results are presented in Table 6.

There was very little variation across states in the benefits question, with the average *too high* response being 78%. On the ability-to-pay question, the response of *too high* ranged between a high of 70% (Idaho and Michigan) and a low of 61% (Oregon).

Interest in Tax and Expenditure Limitation Proposals

We asked a few questions concerning the respondents' knowledge of proposals on the November ballot. The first was whether they found the proposition easy or difficult to understand. The possible responses were *easy*, *in between* and *difficult*. Across the entire sample, 53% of the respondents answered either *easy* or *in between*. However, there were great differences among states. In Michigan and Idaho (the two states in which a proposal passed), 60% of the respondents answered in this combined category, whereas in Colorado, 51%, and in Oregon, only 42%, answered either *easy* or *in between*.

The next question concerned how much the respondent had heard or read about the proposition and its possible effects. Again, there were three possible choices: *a great deal*, *a fair amount* and *very little*. Approximately 32% said *a great deal*, 34% *a fair amount* and 34% *very little*. These overall figures mask a considerable amount of cross-state variation. Whereas Idaho and Michigan are fairly close to the overall distribution, 47% of the respondents from Colorado said they had heard or read *very little* and 48% of Oregon respondents answered *a great deal*.

We also asked respondents to characterize the amount of concern over the election outcome of tax and expenditure limitation proposals. Table 7 shows the results. Oregon respondents had the highest amount of concern, followed in order by Idaho, Michigan and Colorado.

Table 6

Do you feel your total taxes are too high, about right or too low – relative to the service benefits you RECEIVE?

	Colorado	Idaho	Michigan	Oregon	Pooled
Too high	81%	76%	78%	76%	78%
About right	18	24	19	22	21
Too low	1	0	3	1	1

Do you feel your total taxes are too high, about right or too low – relative to your ability to PAY?

	Colorado	Idaho	Michigan	Oregon	Pooled
Too high	63%	70%	70%	61%	66%
About right	37	30	30	39	34
Too low	0	1	0	1	0

Table 7

Would you say that your amount of concern over the outcome of the TAX LIMITATION propositions was high, medium or low?

	Colorado	Idaho	Michigan	Oregon	Pooled
High	33%	49%	39%	54%	44%
Medium	51	43	52	38	46
Low	15	8	9	8	10

statement 88% of the time. The low was in Michigan where respondents agreed 77% of the time.

The final question in this series was about the role of tax and expenditure limitations. We asked: *Do you feel that voting in favor of this proposition is a means by which the ordinary citizen could send a message to politicians regarding dissatisfaction with government?* The overwhelming majority (85%) responded in the affirmative. Responses across states were quite similar.

The supposition that the public was using its vote on TEL proposals as an expression of dissatisfaction with government was overwhelmingly upheld by the respondents in our sample. In general our respondents felt the government was involved in too many activities, was wasting tax money and was a major contributor to the inflation rate. Two interesting points should be noted. First, the responses to the "waste tax money" question did not change much between 1976, when the Center for Political Studies' American National Election Study asked the question, and November 1978, when our survey was completed. This would indicate that there has not been a large scale change in public opinion which resulted in the TEL movement. The difference would seem to be that those who feel the government does waste tax money now have a highly visible means of expressing that feeling. Second, a much larger proportion of respondents in 1978 (53% instead of 36%) felt that government should share in the responsibility for the needs of the poor as compared to 1967, when the National Opinion Research Corporation asked the question. This comparison indicates that an even larger percentage of the public in 1978 felt that it was appropriate for the government to be involved with the needs of the poor.

Attitudes Toward Public Schools

The survey next turned its attention to attitudes toward the public schools. The following questions were asked in order to determine if schools were perceived as part of the problem that would be solved by the TEL proposals. We asked respondents to rank the quality of public schools in their community using the gradations by which students are traditionally ranked: *A, B, C, D* or *Fail*. The results are shown in Table 2.

The rank of *B* was the most frequent response in the total sample and in each state. The average response was always between the rank of *B* and *C*.

Table 2

Students are often given the grades A, B, C, D and Fail to denote the quality of their work. How would you grade the public schools in your community, A, B, C, D or Fail?

	Colorado	Idaho	Michigan	Oregon	Pooled
A	19%	11%	15%	18%	16%
B	39	45	35	38	39
C	29	28	31	27	29
D	6	10	12	10	10
Fail	6	6	7	7	6

Respondents from Colorado gave an above-average ranking (*A* or *B*) to their public schools at a rate of 58%. Idaho and Oregon followed at a rate of 56%, and then Michigan at 50%.

The next question gauged how much confidence the public has in some of its leaders, organizations and institutions. The list included the President, radio, television and newspapers, local school officials, labor unions, the state legislature, Congress, major corporations, public employees, the League of Women Voters, the governor and teacher organizations. Presented with this list, the respondents indicated whether they had *a great deal of confidence, some confidence, hardly any confidence* or *no confidence* in each of the items. When asked how much confidence they had in local school officials, 28% of all respondents answered *a great deal*, 49% answered *some*, 18% answered *hardly any* and 5% answered *no confidence*. These total percentages varied slightly across states, with Idaho having the largest percentage (33%) responding *a great deal* and Michigan having the lowest percentage (22%). When the group was changed from local school officials to teacher organizations, the change in confidence was negligible. These two school-related groups enjoyed the *great deal of confidence* rating more often than all other groups listed except the League of Women Voters and the governor. However, when the *great deal* and *some confidence* categories are folded into one, the two school groups fall behind the President and the state legislature, in addition to the governor and League of Women Voters. In sum, teachers and school officials enjoy the confidence of the public at a relatively higher rate than most other groups. However, the actual amount of confidence in these school groups is not strikingly high.

Next, we asked: *Are you satisfied or dissatisfied with the way public schools are financed in your state?* The majority of respondents said they were satisfied with the present system of financing public education. These results compare favorably with the Annual Gallup Poll results published in

1978. However, there were differences across states. In both Colorado and Idaho, 57 percent of the respondents were satisfied, but in Michigan and Oregon, less than half of the respondents were satisfied with the financing system (48 and 49%).

Our final question on public schools was introduced in the following manner: *If this tax and expenditure limitation is passed, government expenditures might have to be reduced. I would like to find out in what services you feel the reductions should be made.* Those interviewed were presented the following list of services: public parks, police, trash collection, public schools, social services, and health and medical services. The choices were to *reduce a lot, reduce a little, hold the same* or *increase*. The overall result for the four-state sample for school services showed 8% answering *reduce a lot*, 20% saying *reduce a little*, 50% answering *hold the same* and 22% saying *increase*. Combining the two *reduce* categories into one, public schools collected fewer *reduce* responses than any of the other services except police. Another interesting finding was that public schools led all other services in the number of *increase* responses that they received. This suggests that citizens place a high value on public schools in relation to other public services. These results varied somewhat across states, with voters in Michigan and Oregon wanting relatively more reductions and fewer increases in support of public schools.

It would seem that the respondents in our sample held relatively positive feelings toward the public schools. The distributions obtained in the "rate the schools" question were more positive than the national results obtained in the 1978 Gallup-Kettering poll. Our respondents would cut school budgets less often than any other public service except police. These results indicate that though government in general is under the TEL gun, the public schools are not perceived as a central part of the problem.

The issue of reducing expenditures for public schools can be addressed in more detail. Table 3 shows the relationship between respondents' attitudes toward reducing school budgets and their vote on the various TEL measures. On the measures in Colorado and Idaho, the Headlee and Voucher plan in Michigan and Ballot Measure 11 in Oregon, there seems to be only a slight relationship between the vote and the attitude. However, for the Tisch proposal in Michigan and Ballot Measure 6 in Oregon, the relationship is quite strong. Those respondents who voted in favor of these two proposals wanted to see school budgets reduced. From the results in Michigan and Oregon, where voters were confronted with multiple proposals, it appears that as the TEL proposal becomes more limiting in nature, those persons voting in favor of it perceive schools as being part of the problem.

Local Control

Another aspect of the provision of public services is the retention of local control over those services. It is a widely accepted but unproven notion that control follows the dollar. The following set of questions were asked in an attempt to determine

Table 3

The Relationship Between Vote on TEL Proposal and Attitudes Toward Reducing Expenditures for Public Schools

	Colorado Burch-Orr	Idaho 1% Initiative	Michigan Headlee	Michigan Tisch	Michigan Vouchers	Oregon Ballot Measure 6	Oregon Ballot Measure 11
Voted in Favor of Proposal							
A lot	6%	10%	16%	33%	19%	17%	4%
A little	19	16	21	14	15	35	32
Same	58	52	48	42	52	32	41
Increase	16	22	14	11	14	17	23
Voted Against Proposal							
A lot	3	2	12	5	12	6	13
A little	16	23	18	21	20	26	30
Same	60	44	49	57	51	48	42
Increase	21	31	20	18	17	20	15

how important local control is and how local control would be affected by the passage of TEL proposals.

We asked how much influence people can have over local government in their community. The choices were *a lot, a moderate amount* or *none at all.* The overall results showed that 34% of the respondents felt they had *a lot* of influence, 51% said they had *a moderate amount* of influence and 15% said they had *no influeence at all.* Michigan and Oregon represented the extremes on the *a lot of influence* response, with a 29% and a 41% rate. Idaho and Oregon held the extremes of the *no influence at all* response with 19% and 12%.

Then we asked how important it is to have public services controlled locally. Seventy percent responded that it was *very important* while 19% answered *somewhat important,* 8% said *not very important* and 3% responded *not important at all.* The range in the *very important* response shows Michigan at the low end with 64% and Oregon at the high end with 76%.

The last two questions on local control tied it to passage of a t[illegible] and expenditure limitation. The first question read[illegible]s as follows: *The adoption of the tax and expenditure limitation could lead to a substantial decline in the local funding of public services. Do you feel it would be appropriate for the state to assume a greater responsibility for financing those services?* Approximately two-thirds of the respondents said it would be appropriate. There was only slight variation among the states in this response.

The second question was: *Do you feel that an increased state role in financing public services would be followed by a decline in local control over those services?* Of the total sample, 69% responded that a decline in local control would result from an increase in state financing. These results varied only slightly across the four states.

In general our respondents felt that they had at least a moderate amount of influence over local government, that local control of public services is very important and that the adoption of TEL proposals could lead to a decline in local control over public services. It would seem that the argument for the retention of local control over public services is inconsistent with the argument in favor of TEL proposals, especially when those proposals limit local spending. It is clear that voters in Idaho and Michigan were feeling the pressure from issues other than local control.

Attitudes Toward the Current Tax Structure

What does the public feel is wrong with the current tax structure? Is a particular type of tax considered to be unfair? Is a particular level of government considered to be inefficient? Or is it just that taxes have risen at too high a rate? We asked the following questions in order to find some answers. The first pair deals with the concern over which level of government is the most efficient. Overall,

Table 4

From which level of government, federal, state or local, do you feel you get the MOST for your tax money?

	Colorado	Idaho	Michigan	Oregon	Pooled
Federal	30%	14%	34%	19%	25%
State	35	35	27	36	32
Local	38	51	38	45	43

From which level of government, federal, state or local, do you feel you get the LEAST for your tax money?

	Colorado	Idaho	Michigan	Oregon	Pooled
Federal	61%	69%	48%	68%	61%
State	18	13	24	16	18
Local	21	18	28	16	21

43% of our respondents feel that they get the most for their tax money from *local* government. Conversely, 61% feel they receive the *least* for their tax money from the federal government.

We then asked respondents about the fairness of the major types of taxes. Table 5 shows the results.

Table 5

Of the four different types of taxes, federal income, state income, state sales or local property tax, whch do you think is the LEAST fair?

	Colorado	Idaho	Michigan	Oregon	Pooled
Federal income	41%	49%	38%	40%	42%
State income	8	7	8	6	7
State sales	13	6	7	15	10
Local property	39	38	46	40	41

Which do you think is the best tax; that is, the MOST fair, federal income, state income, state sales or local property?

	Colorado	Idaho	Michigan	Oregon	Pooled
Federal income	18%	13%	27%	24%	21%
State income	34	22	26	44	31
State sales	30	50	34	10	31
Local property	17	15	13	21	17

property taxes for operating budgets of no more than the rate of population growth each year with adjustments for increases in the Consumer Price Index.

Michigan. The three limitation measures in Michigan were Proposals E, H and J, better known respectively as the Headlee, Voucher and Tisch proposals. Headlee, which passed, limits state revenues to their present percentage of Michigan personal incomes (approximately 9.5%). At the local level, property taxes on existing property can grow no faster than the National Consumer Price Index unless approved in an election by a majority of voters. If local revenues greater than the limit are collected, tax rates will be rolled back and the excess revenues returned to the taxpayers. State mandates imposed on local governments will be fully funded by the state.

The Voucher proposal would have prohibited the levying of any property tax to finance K-12 education. The state would have replaced lost revenues and the legislature would have provided an education voucher to each child attending a public or nonpublic elementary or secondary school in the state.

Under the Tisch proposal, local property taxes would have been cut in half with assessments reduced from the current level of 50% of market value to 25%. Annual increases in assessed valuations would have been limited to 2.5%. The state income tax would have been limited to 5.6% (the current maximum rate is 4.6%). Local school districts could have imposed a local income tax of up to 1% if approved by the electorate.

Citizen Attitudes Toward Government and Taxes

Approximately 1,100 people, randomly selected within the four states, were interviewed by telephone for the ECS survey. Respondents were asked about their attitudes toward government, taxes, local control, schools and public services in general. They also reported how they voted on each of the TEL proposals and they were asked to evaluate the impact of those proposals.

Role and Evaluation of Government

The first set of questions concerned respondents' perceptions of what the appropriate role of government should be. Some analysts have hypothesized that the public has become disenchanted with the size and direction of government and that voting in favor of TEL proposals was a way for the public to voice this frustration. We asked several questions about the role of government in order to see if this frustration was felt by the people in our sample.

The first question was whether poor people or the government should shoulder the responsibility for the needs of the poor. The majority (53%) of all respondents answered that both the government and poor people themselves should share the responsibility. The variation by state in this response ranged from a low of 47% in Michigan to a high of 57% in Oregon.

We also asked the respondents if they thought the government was trying to do too many things that should be left to individuals and private businesses. As shown in Table 1, the response pattern in Michigan was different from those in Idaho and Oregon, with Colorado falling in between the two extremes.

Table 1

Some people think the government is trying to do too many things that should be left to individuals and private businesses. Others disagree and think the government should do even more. How do you feel?

	Colorado	Idaho	Michigan	Oregon	Pooled
Government is trying to do too many things	71%*	75%	55%	74%	69%
In between	12	17	19	18	17
Government should do more	17	8	26	8	15

**NOTE: The column percentages are rounded to whole numbers in Tables 1 through 8 and therefore may not sum to exactly 100.*

We then asked how much money people in government waste. The choices were *a lot*, *some* and *not very much*. Approximately four out of five persons responded *a lot* with little variation among the states.

The next question used a different format. Those interviewed were read the following statement and asked whether they agreed with it as well as how strongly they agreed or disagreed: *Government spending is a major cause of the present rate of inflation.* More than four out of five persons responded that they either agreed or strongly agreed with the statement. Idaho respondents topped the other three states, agreeing with the

Table 8

Do you feel the passage of this proposition would have had the effect of decreasing or increasing the amount of state and local taxes you pay?

	Colorado Burch-Orr	Idaho 1% Initiative	Michigan Headlee	Michigan Tisch	Michigan Vouchers	Oregon Ballot Measure 6	Oregon Ballot Measure 11
Decrease	42%	45%	34%	33%	18%	57%	46%
Remain the same	9	13	16	7	7	6	24
Increase	49	42	50	59	75	37	29

Perceived Impact of Each Proposal

In this section we asked respondents if the passage of a particular proposition would likely *increase* or *decrease* the amount of state and local taxes they pay. Table 8 presents the results. In Colorado 49% of the respondents felt that passage of the Burch-Orr Amendment would increase the state and local tax bill. In Idaho 42% of the respondents answered that Proposition 1 would raise their tax bill. In Oregon only 37% believed that Ballot Measure 6 would increase their state and local tax bill, and 29% felt that Ballot Measure 11 would increase their tax liability. In Michigan, 50% of the sample thought their state and local taxes would increase under the Headlee Amendment. Fifty-nine percent said their taxes would increase under the Tisch Amendment and three out of four felt their taxes would rise under the Voucher plan. Given the purpose of the tax and spending limits, it is interesting to note that so many people felt that their taxes would increase.

Another question examining the perceived impact of the proposals combined two other questions that appeared on the survey. The first part asked how much impact the adoption of this proposal would have on the provision of public services, with the possible responses being *major impact, minor impact* or *no impact.* The second part asked if the impact on public services would be *desirable* or *undesirable.* The responses were combined to form a scale as follows: *desirable major impact, desirable minor impact, no impact, undesirable minor impact* and *undesirable major impact.* The results are in Table 9.

In general, if respondents felt the impact on public services would be major they also felt the impact would be undesirable. However, if respondents believed the impact of the proposal would be minor, they were more likely to see the impact of the proposal as desirable. Idaho's Proposition 1 was clearly the only one thought to be desirable by the majority (53%) of the state's respondents; it was approved by the voters. Of the remaining six proposals, using the results in Table 9 as an index of the likelihood of passage, three – Ballot Measure 6 in Oregon and the Tisch Amendment and Voucher plan in Michigan – had no chance for passage. The three remaining were in a marginal category. Of these three, only the Headlee Amendment in Michigan actually passed.

Table 9

How much impact would the adoption of the proposition have had on the provision of all public services, major, minor or none? Do you feel this impact would have been desirable or undesirable?

	Colorado Burch-Orr	Idaho 1% Initiative	Michigan Headlee	Michigan Tisch	Michigan Vouchers	Oregon Ballot Measure 6	Oregon Ballot Measure 11
Major desirable	7%	20%	8%	12%	5%	16%	7%
Minor desirable	39	33	36	19	21	23	37
None	11	12	12	8	10	7	11
Minor undesirable	15	14	25	13	19	21	28
Major undesirable	28	22	18	48	46	34	17

Summary and Implications for Schools

We have examined the attitudes of people in four states where tax or spending limitations appeared on the ballot in November 1978. Our purpose was to determine how people felt about government and taxes, how they felt about the purpose and possible effects of tax and spending limits and whether education was a target of the TEL movement. We found that people had positive attitudes toward schools in their communities. This was reflected in many ways. People felt that locally provided services are the most valuable. They had relatively more confidence in school personnel than other public servants. They believed that schools are doing an above-average job. Even given the need to reduce services under the TEL measures, schools were viewed as a public service that should not be reduced.

Our results suggest that other factors are the impetus for TEL measures. People feel that federal income taxes and local property taxes are unfair. They feel that the government is undertaking too many public services while not doing enough to reduce inflation. Our findings confirm that taxpayer unrest is a reflection of general economic problems and distrust of big government.

There are a number of implications for school finance. First, the continued movement away from property taxes toward statewide sales or income taxes is appropriate, both to improve school finance equity and to increase the feasibility of school finance reform. Second, there is a need to maintain decentralized control over school finance. An increasing state role in the support of education should not be accompanied by state control of the education system. Third, efficiency in the provision of education needs to be improved. The demography of the country is changing and the education system needs to be responsible to taxpayers, both those with children and those without children in the system. These objectives need to be carefully thought out if education is to continue to receive adequate support.

A more in-depth analysis of this survey and the TEL proposals it describes will be published by the Education Finance Center later this year.

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